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SUBJECT: ENVIRONMENT MINISTER DENIES THREATS, NOT PROBLEM

REF: ALMATY 2273

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11. (SBU) Summary: In an August 25 meeting with ESTH officer, Minister of Environmental Protection Nurlan Iskakov claimed that Tenghizchevroil has committed "systematic" environmental violations. He denied, however, that he raised the possibility of revoking Tenghizchevroil's license for violations of environmental laws, despite media reports to the contrary. Iskakov stated that his Ministry has no right to cancel or withdraw contracts, and he blamed the opposition media for manipulating his statements. He does not wish to hamper investment in the energy sector, he added. But Iskakov said that this desire must be counterbalanced with the need to modernize environmental protection standards as part of Kazakhstan's larger effort to become one of the fifty most developed countries in the world. End summary.

#### MINISTER ISKAKOV REFUTES STATEMENTS

12. (U) ESTH officer called a working level contact at the Ministry of Environmental Protection to request a meeting to discuss recent media reports that Minister Nurlan Iskakov had threatened to revoke Tenghizchevroil's license for violations of environmental laws. A day later, the contact informed ESTH officer that Iskakov himself would lead the meeting.

13. (SBU) At the August 25 meeting, Iskakov strongly denied ever threatening to revoke Tenghizchevroil's license. Only the Ministry of Energy can take such action, he said. The Ministry of Environmental Protection is able to make its recommendations to the Ministry of Energy, but it does not intend to call for drastic measures such as license revocation. Iskakov blamed the opposition media for misrepresenting his statements, accusing them of turning every government success into a failure. He said that he makes every effort not to hamper investment, and he specifically asked that this message "be passed on to Washington."

14. (SBU) Although ESTH officer made clear that he sought only to gather information on the scope of Kazakhstan's environmental concerns and not to advocate for Tenghizchevroil, Iskakov offered a number of statistics to demonstrate that Kazakhstani energy companies have been subject to far more penalties than have multinationals. He also said that he has received no orders or instructions to single out Tenghizchevroil.

#### BUT EXPRESSES CONCERNS

15. (SBU) Iskakov admitted, however, that he remains troubled by Tenghizchevroil's environmental record. He called Tenghizchevroil's environmental violations systematic. His

greatest concern, he said, is the accumulation of sulfur at the Tenghiz site. According to Iskakov, ten million tons of sulphur have already accumulated at the site.

¶16. (U) On August 25, Tenghizchevroil released a statement in which it denied environmental violations and noted that it has invested \$1 billion in environmental protection measures in its eight years of working in Kazakhstan. Tenghizchevroil's General Director Todd Levy told Econoff in June that the key issue being negotiated between Tenghizchevroil and the authorities is the rate at which they will shrink the stockpile. (Reftel) Chevron has declined Embassy offers to raise this issue with the Kazakhstanis.

¶17. (SBU) Iskakov reiterated that his Ministry can only highlight the issue of pollution, but that it is for the Ministry of Energy and the Presidential Administration to take measures. If the violations continue, Iskakov may recommend a tightening of the provisions of the Tenghiz contract. When asked about the substance of such recommendations, he offered no specifics.

#### MODERNIZING THE MINISTRY OF ENVIRONMENT

¶18. (U) Minister Iskakov emphasized on several occasions the importance of Kazakhstan's goal to become one of the fifty most developed countries in the world. He reported that President Nazarbayev has thus specifically instructed him to ensure that Kazakhstan's environmental regulations meet international standards.

¶19. (U) As a result, said Iskakov, Kazakhstan does not wish to act punitively but does demand that the industries adopt the same procedures used in Western countries, with the same level of technology and the same environmental protections.

¶10. (SBU) Comment: Minister Isakov's decision to meet personally with ESTH demonstrates his strong desire to quickly clarify or refute inflammatory statements he made regarding Tenghizchevroil. But while he may have overstepped his bounds,

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he clearly remains convinced that serious environmental problems exist in Kazakhstan as a result of energy development. Given that President Nazarbayev has explicitly tasked him with strengthening Kazakhstan's environmental standards, his concerns will have some weight. End comment.

¶11. (SBU) Bio note: Minister of Environmental Protection Iskakov has traveled to the United States and spoke warmly both of the country and of its environmental protection standards. His young Vice Minister, Alzhan Braliev, studied at Harvard and participated actively in ESTH's meeting with Minister Iskakov. Both men gave the impression that they would welcome heightened cooperation with the U.S.  
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